

Message Text

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ACTION EA-09

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TO SECSTATE WASHDC 1298

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UNCLAS WELLINGTON 1610

E.O. 11652: N/A

TAGS: EFIN, ETRD, NZ

SUBJECT: MARCH PAYMENTS BALANCE SLIPS BACK INTO RED

REF: WELLINGTON 1136

1. ACCORDING TO THE LATEST RESERVE BANK FIGURES ON OVERSEAS EXCHANGE TRANSACTIONS, AFTER A CURRENT ACCOUNT PAYMENTS SURPLUS OF \$14 MILLION (ALL FIGURES ARE IN NZ\$'S - ON APRIL 28 \$NZ1.00 EQUALLED \$US1.0051) FOR THE MONTH OF FEBRUARY, NEW ZEALAND'S BALANCE DROPPED TO A DEFICIT OF \$7 MILLION. (A YEAR AGO THE MARCH DEFICIT WAS \$63 MILLION). EXPORT RECEIPTS JUMPED TO \$293 MILLION, A RECORD MONTHLY LEVEL. THOUGH EXPORT RECEIPTS ARE NOMALLY HIGHER IN THE 1ST HALF OF THE YEAR, RECENT EXPORT PRICE INCREASES (ESPECIALLY FOR MEAT AND WOOL) AND CURRENCY VALUATION CHENGES HAVE HELPED BOOST RECEIPTS. MARCH RECEIPTS FOR MEAT ROSE TO \$75 MILLION (UP \$14 MILLION OVER FEBRUARY). WOOL RECEIPS WERE \$75 MILLION (UP \$23 MILLION), BUTTER RECEIPTS MORE THAN DOUBLED FROM \$10.5 MILLION IN FEBRUARY TO OVER \$24 MILLION IN MARCH. BUT THE MOST IMPRESSIVE INCREASE WAS IN MANUFACTURED EXPORTS, FROM UNCLASSIFIED

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\$27 MILLION IN FEBRURARY TO OVER \$40 MILLION IN MARCH.

2. IMPORT PAYMENTS JUMPED TO \$250 MILLION (UP \$68 MILLION OVER FEBRUARY), MAKING A TRADE SURPLUS OF \$42.5 MILLION FOR MARCH.

3. DURING MARCH THERE WERE LOAN REPAYMENTS TOTALLING \$43 MILLION (TO THE BANK FOR INTERNATIONAL SETTLEMENTS), AND AN OFFICIAL INFLOW OF \$36 MILLION FROM A EURO-DOLLAR LOAN AND AN IMF OIL FACILITY DRAWING OF \$53 MILLION. WITH PRIVATE CAPITAL RECEIPTS (INCLUDING A FURTHER DRAWING UNDER THE \$200 MILLION LOAN AGREEMENT FOR THE MAUI GAS DEVELOPMENT PROJECT), THE NET CAPITAL INFLOW WAS \$55 MILLION IN MARCH.

4. OTHER CURRENT RECEIPTS ROSE TO \$65 MILLION AND PAYMENTS JUMPED TO \$115 MILLION, MAKING THE NET INVISIBLES DEFICIT RISE BY \$16 MILLION TO \$50 MILLION.

5. FOR THE FIRST QUARTER OF 1976 EXPORT RECEIPTS REACHED \$701 MILLION (UP \$177 MILLION OVER THE PREVIOUS QUARTER AND NEARLY DOUBLE THAT OF THE YEAR EARLIER PERIOD) WHILE IMPORT PAYMENTS FOR THE QUARTER FELL \$67 MILLION BELOW THE PREVIOUS QUARTER TO \$658 MILLION, MAKING A TRADE SURPLUS FOR THE MARCH QUARTER OF \$43 MILLION.

6. THE INVISIBLES DEFICIT ROSE \$25 MILLION OVER THE PREVIOUS QUARTER TO \$94 MILLION, DUE MOSTLY TO HIGHER DEBT INTEREST PAYMENTS AND EXPORT FREIGHT CHARGES.

7. THE CURRENT ACCOUNT DEFICIT OF \$50 MILLION FOR THE QUARTER WAS THE LOWEST SINCE MARCH 1974 AND WELL BELOW THE \$221 MILLION OF ONE YEAR EARLIER.

8. TOTAL NET CAPITAL IN FLOW DROPPED \$182 MILLION, \$101 MILLION BELOW THE PREVIOUS QUARTER. OFFICIAL CAPITAL INFLOW ACCOUNTED FOR \$104 MILLION OF THE TOTAL.

9. THE CURRENT PAYMENTS DEFICIT FOR THE YEAR ENDING MARCH 1976 WAS \$815 MILLION, DOWN \$55 MILLION BELOW THE FEBRUARY YEAR AND \$178 MILLION BELOW THE MARCH 1975 YEAR.

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10. THE DEFICIT ON TRADE FOR THE MARCH YEAR WAS \$394 MILLION, DOWN \$280 MILLION FROM THE MARCH 1975 YEAR.

11. TOTAL EXPORT RECEIPTS OF \$2,209.5 MILLION FOR THE MARCH 1976 YEAR WERE 33 PERCENT ABOVE A YEAR EARLIER. ON THE OTHER HAND IMPORT PAYMENTS OF \$2,604 MILLION WERE ONLY 12 PER CENT ABOVE A YEAR EARLIER. TOTAL CURRENT PAYMENTS ROSE 15 PER CENT TO \$3,616 MILLION FOR THE MARCH YEAR, WHEREAS

TOTAL CURRENT RECEIPTS ROSE 31 PER CENT TO \$2,802 MILLION. THE MAIN CONTRIBUTORS TO INCREASED RECEIPTS WERE CHEESE, UP 144 PER CENT TO \$85 MILLION; BUTTER UP 70 PER CENT TO \$179 MILLION; MANUFACTURED EXPORTS, UP 60 PER CENT TO \$313 MILLION; WOOL, UP 39 PER CENT TO \$410.5 MILLION; AND MEAT UP 21 PER CENT TO \$601 MILLION.

12. THE INVISIBLES DIFICIT ROSE BY 32 PER CENT TO \$420 MILLION.

13. NET CAPITAL INFLOW FOR THE MARCH YEAR WAS \$835 MILLION (VS. \$706 MILLION FOR THE YEAR EARLIER PERIOD). THIS WAS MADE UP OF \$629 MILLION IN NET OFFICIAL RECEIPTS AND A NET PRIVATE CAPITAL INFLOW OF \$205 MILLIN.

14. OFFICIAL FOREIGN EXCHANGE RESERVES STOOD AT \$681 MILLION AT THE END OF MARCH 1976, UP \$139 MILLION OVER A YEAR EARLIER.

15. THE U.K. TOOK 22 PER CENT OF NZ'S EXPORTS DURING THE YEAR ENDING MARCH 1976 . JAPAN, THE USA AND AUSTRALIA WERE NECK AND NECK AT ABOUT 13 PER CENT EACH.
KILLGORE

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